

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF HAWAII

---In the Matter of--- )  
 )  
MOLOKAI PUBLIC UTILITIES, INC., ) Docket No. 2008-0115  
WAI'OLA O MOLOKA'I, INC., and )  
MOSCO, INC. )  
 )  
For Temporary Rate Relief. )  
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PUBLIC UTILITIES COMMISSION  
HONOLULU, HAWAII

MOLOKAI PUBLIC UTILITIES, INC., WAI'OLA O MOLOKA'I, INC.  
AND MOSCO, INC.'S MOTION TO EXTEND ORDER  
APPROVING TEMPORARY RATE RELIEF;

MEMORANDUM IN SUPPORT OF MOTION TO EXTEND ORDER  
APPROVING TEMPORARY RATE RELIEF;

AFFIDAVIT OF REX KOA KAMAKANA;

AND

CERTIFICATE OF SERVICE

MORIHARA LAU & FONG LLP

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WAI'OLA O MOLOKA'I, INC., AND  
MOSCO, INC.

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MOLOKAI PUBLIC UTILITIES, INC., WAI'OLA O MOLOKA'I, INC.  
AND MOSCO, INC.'S MOTION TO EXTEND ORDER  
APPROVING TEMPORARY RATE RELIEF

MOLOKAI PUBLIC UTILITIES, INC. ("MPU"), WAI'OLA O MOLOKA'I, INC. ("Wai'ola") and MOSCO, INC. (collectively "Utilities"), by and through its attorneys Morihara Lau & Fong LLP, hereby respectfully move this Commission to extend its August 14, 2008 Order approving a temporary rate increase for MPU and Wai'ola from February 28, 2009 for an additional six months, or such time as may be necessary for Utilities to obtain Commission approval of general rate increase application(s) as required by said Order.<sup>1 2</sup>

The grounds for the motion are set forth in the Memorandum in Support of Motion and Affidavit of Rex Koa Kamakana, attached hereto and incorporated herein.

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<sup>1</sup> Ordering Paragraph 4 (Part III, subpart 4) of the August 14, 2008 Order states the following:

The temporary rate increases for MPU and Wai'ola approved herein shall take effect on September 1, 2008, and shall continue for a period of six months, terminating on February 28, 2009, unless otherwise ordered by the commission.

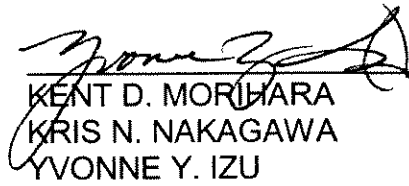
<sup>2</sup> Page 18 of the August 14, 2008 Order states:

Within six months of the date of this Order [i.e., by February 14, 2008], MPU and Wai'ola shall file an application for a general rate increase with the commission if a third-party is not found to take over the Utilities' system.

A hearing is not requested on the motion.

This motion is made pursuant to and in accordance with Hawaii Administrative Rule § 6-61-41.

DATED: Honolulu, Hawaii, this 29th day of October, 2008.



KENT D. MORIHARA  
KRIS N. NAKAGAWA  
YVONNE Y. IZU

Morihara Lau & Fong LLP  
Attorneys for Utilities

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MEMORANDUM IN SUPPORT OF MOTION TO EXTEND ORDER  
APPROVING TEMPORARY RATE RELIEF

On August 14, 2008, the Hawaii Public Utilities Commission ("Commission") issued an Order Approving Temporary Rate Relief for Molokai Public Utilities, Inc. and Wai`ola O Moloka`i, Inc. ("Temporary Rate Order"). Ordering Paragraph 4 (Part III, subpart 4) of the Temporary Rate Order provides:

4. The temporary rate increases for MPU [Molokai Public Utilities, Inc.] and Wai`ola [Wai`ola O Moloka`i Inc.] approved herein shall take effect on September 1, 2008, and shall continue for a period of six months, terminating on February 28, 2009, unless otherwise ordered by the commission.

By the Motion to which this Memorandum is attached ("Motion"), Molokai Public Utilities, Inc. ("MPU"), Wai`ola O Moloka`i, Inc. ("Wai`ola") and Mosco, Inc. ("Mosco") (collectively, "Utilities"), respectfully request that the Commission extend its Temporary Rate Order approving the temporary rate increase for MPU and Wai`ola for an additional six months, or such time as may be necessary for Utilities to obtain Commission approval of general rate increase application(s) as required by said Order.<sup>1</sup>

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<sup>1</sup> See footnotes 1 and 2 of Motion.

## **Background**

MPU, Wai`ola and Mosco are affiliated entities under common ownership by Molokai Properties Limited ("MPL"). When MPL announced in March 2008 that it would cease all current business operations on Molokai, it informed the Commission that MPL would no longer be able to subsidize MPU and Wai`ola, both of which had incurred substantial losses in 2007. Although the Utilities had hoped that a third party would be interested in taking over the Utilities, none was immediately forthcoming. To address the Utilities' financial inability to continue utility services, the Commission initiated, *sua sponte*, a proceeding in this docket to provide temporary rate relief to the Utilities.

As a result of the proceeding, the Commission issued the Temporary Rate Order, which, among other things, approved temporary rate increases for MPU and Wai`ola. The temporary rate increases are effective between September 1, 2008 and February 28, 2009, unless otherwise ordered by the Commission. Within this six-month period, the Commission anticipated that either a third-party would be found to take over the Utilities' systems or that the Utilities would file an application or applications for a general rate increase.

## **Current Status**

To date, a third-party successor to the Utilities' systems has not been found. The Utilities, therefore, are in the process of preparing applications for general rate increases as required by the Temporary Rate Order. It is anticipated that the applications will be filed in January or early February, 2009. See, Affidavit of Rex Koa Kamakana, attached. On the assumption that it would take approximately six months for the Commission to process the general rate increase applications, the

Utilities are asking that the Temporary Rate Order be extended for a six-month period to the end of August 2009, or until such time as may be necessary to obtain Commission approval of the general rate increase application(s).<sup>2</sup> The Utilities are committed to continuing to provide service to its customers until such time as the general rate increase(s) are approved, provided that the temporary rate relief granted by the Temporary Rate Order is extended as provided herein.

### **Continued Temporary Rate Relief Necessary**

In compliance with Ordering Paragraph 6 (Part III, subpart 6) of the Temporary Rate Order, the Utilities have compiled and will shortly be filing the monthly financial reports for the month of September 2008, the first month that the temporary rates were in effect. The report will show that both MPU and Wai`ola continue to operate at a deficit. Although fuel costs have begun to decrease recently, water usage and, consequently, revenues have decreased. The Utilities do not anticipate any material change in their short-term financial picture. See, Affidavit of Rex Koa Kamakana, attached.

The temporary rate increase granted by the Temporary Rate Order, while not wholly sufficient to cover operating costs as indicated above, has provided substantial relief to MPU and Wai`ola, and we acknowledge and appreciate the Commission's unprecedented action to provide MPU and Wai`ola with this financial relief. Having said this, however, a continuation of the temporary rate increase during the time the general rate increase applications are being processed will allow the Utilities to continue providing utility services to its customers.


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<sup>2</sup> At this time, Utilities are not certain whether a rate case will be sought for Mosco in addition to MPU and Wai`ola.

## Conclusion

Based on the foregoing, Utilities respectfully request that the Commission amend Order Paragraph 4 of the Temporary Rate Order by amending the termination date for the temporary rate increases from February 28, 2009 for an additional six months, or such time as may be necessary for Utilities to obtain Commission approval of the general rate increase application(s) as required by said Order.

DATED: Honolulu, Hawaii, this 29th day of October, 2008.

  
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KENT D. MORIHARA  
KRIS N. NAKAGAWA  
YVONNE Y. IZU

Morihara Lau & Fong LLP  
Attorneys for Utilities

STATE OF HAWAII                                 )  
  )         SS:  
COUNTY OF MAUI                                 )

4. The Utilities have compiled and, by no later than October 31, 2008, will file a monthly financial report for the month of September 2008, the first month that the temporary rates were placed in effect by the Order issued by the Hawaii Public Utilities Commission on August 14, 2008 in Docket No. 2008-0115. The report will show that both MPU and Wai'ola continue to operate at a deficit.



5. Although fuel costs have begun to decrease recently, water usage and, consequently, revenues have decreased.

6. The Utilities do not anticipate any material change in their short-term financial picture.

7. The temporary rate increase, while not wholly sufficient to cover operating costs, has provided substantial relief to MPU and Wai'ola.

Further affiant sayeth naught.

DATED: Maunaloa, Molokai, Hawaii, October 28, 2008.

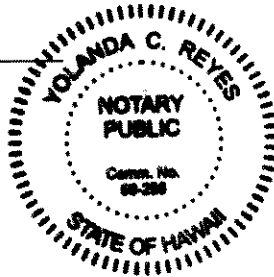
Rex Koa Kamaoka

Subscribed and sworn to before me

this 28 day of October, 2008.

Yolanda C. Reyes

Notary Public, State of Hawaii



Yolanda C. Reyes

Print Name of Notary Public

My Commission Expires: 06-01-09

Affidavit of  
Rex Koa Kamaoka  
cc. Date: 10/28/08 No. Pages: 2  
Yolanda C. Reyes Second  
Notary Public Just. Circuit

**CERTIFICATE OF SERVICE**

I hereby certify that the foregoing document was duly served on the following Parties, by having said document delivered by hand delivery or mailed, postage prepaid and properly addressed to each said Parties' respective addresses as set forth below:

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EXECUTIVE DIRECTOR  
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS  
DIVISION OF CONSUMER ADVOCACY  
P.O. Box 541  
Honolulu, Hawaii 96809

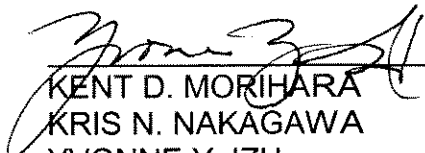
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DATED: Honolulu, Hawaii, October 29, 2008.

  
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Attorneys for Utilities